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**DIVISION OF
WORKERS'
COMPENSATION**



ANNUAL REPORT

FISCAL YEAR 1989

PLEASE RETURN

JUL 17 1991

FEB 4 1999



DEPARTMENT OF LABOR & INDUSTRY

DIVISION OF WORKERS' COMPENSATION

MARGARET "PEG" CONDON BLDG
5 SO. LAST CHANCE GULCH

STAN STEPHENS, GOVERNOR

STATE OF MONTANA

HELENA, MONTANA 59601



December 1989

Governor Stan Stephens
GOVERNOR'S OFFICE
State Capitol Building
Helena, MT 59620

Dear Governor Stephens:

As required by Section 39-71-210, MCA, I am sending the "Annual Report" of the Division of Workers' Compensation for the fiscal year ending June 30, 1989.

This report summarizes the activities of the Division for the fiscal year as they pertain to the responsibilities of all the units within the Division.

As you know, SB 428 dissolved the Division of Workers' Compensation by establishing a new entity, the State Compensation Mutual Insurance Fund, to operate the insurance portion of the business and transferred the regulatory and safety responsibilities to the Department of Labor and Industry. Consequently, this will be the last report prepared for the Division of Workers' Compensation. In the future the new State Fund will prepare a separate annual report summarizing its activities.

Sincerely,

A handwritten signature in cursive script, reading "Patrick J. Sweeney", is written over the typed name.

PATRICK J. SWEENEY
Administrator

Administration
406-444-6518

Division Telephones:
Insurance Compliance
406-444-6530

Safety
406-444-6401

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SECTION I

Division Activities

Administration

Program staff monitored and testified on several legislative proposals during the 1989 session, implemented the automated compensation system for fixed liability payments, met with and made numerous presentations to employer and employee groups concerning Montana's workers' compensation system, completed a survey showing the rates charged by other insurers in twenty western states for twenty occupation classifications, monitored court decisions affecting the workers' compensation system, prepared legislation, and proposed changes to clarify the reform legislation passed by the 1987 legislature.

State Insurance Fund

The State Fund implemented the early contact program and moved the Policy Services Unit to provide additional space for claims staff and files. Staff negotiated an agreement with the Montana Horse Racing Association to improve coverage and premium collection from its members and negotiated a contract with the Montana Motor Carriers' Association to provide safety services to its members. The contract with the Montana Loggers' Association to provide safety services and collect premiums from its members was renewed. State Fund staff initiated development of management information reports with the rehabilitation firms under contract, continued training programs with claims staff, participated in the service training programs conducted by the rehabilitation firms, and participated with a task force to improve audit performance.

Insurance Compliance

Program personnel reviewed over 1,700 settlements, issued 602 orders regarding Occupational Disease claims, and the rehabilitation panels reviewed 301 referrals. Staff continued to review extraterritorial certificates received from nine other states, reviewed renewals and applications from Plan 1 self insurers and Plan 2 insurance carriers, continued investigations of uninsured employers and payment of benefits to injured workers, and reviewed 126 applications to the Subsequent Injury Fund, approving 59 and denying 67.

Safety

Safety personnel contacted 1,026 employers to provide safety services. They also conducted 355 public sector safety inspections. Safety training was provided to 470 employees and employers. Twenty-seven employers were certified as satisfying the loss control requirements for the 5% premium discount through the safety incentive program. Staff conducted 257 mine safety inspections and investigations, provided training for 1,730 employees in mining and related industries, conducted on-site consultation to all requesting businesses, continued to license boiler and crane operators, and conducted 1,233 boiler inspections.

SECTION II

INDUSTRY ACTIVITY SUMMARY

The Workers' Compensation and Occupational Disease Acts allow employers to obtain coverage in one of three ways. With Division approval, certain large employers or employer groups which meet statutory and administrative requirements may self insure, Plan I. Coverage also may be secured from a private carrier licensed to write in Montana, Plan II, or from the state-operated insurance program, Plan III, known as the State Compensation Insurance Fund. Information given in the following table displays a summary of the activity for each plan during the last three years.

<u>Plan I – Self Insurance</u>	<u>1986–87</u>	<u>1987–88</u>	<u>1988–89</u>
Number of employers enrolled	47	44	47
*Gross annual payroll	\$550,971,920	\$577,672,509	\$659,883,509
Number of work injuries reported	3,359	4,177	4,420
Number of claims filed	605	667	752
Compensation benefits paid	\$8,497,958	\$8,563,926	\$10,154,710
Medical & burial benefits paid	\$3,783,168	\$4,787,563	\$4,672,347
Uninsured employers assessments	\$2,000	\$5,000	\$3,000

Plan II – Private Carriers

Number of employers enrolled	9,065	5,944	**	4,915	**
* Annual premium	\$41,261,762	\$58,463,173		\$53,078,985	
Number of work injuries reported	5,596	6,295		6,352	
Number of claims filed	1,304	1,404		1,454	
Compensation benefits paid	\$34,311,089	\$34,120,643		\$29,495,207	
Medical & burial benefits paid	\$11,201,664	\$12,102,565		\$9,840,916	
Uninsured employers assessments	\$7,000	\$4,000		\$4,000	

Plan III – State Fund

Number of employers enrolled	26,950	26,929	26,172
Annual premium	\$70,161,068	\$85,865,028	\$88,448,120
Number of work injuries reported	16,105	18,141	18,926
Number of claims filed	3,660	4,025	3,901
Compensation benefits paid	\$54,036,180	\$63,238,309	\$67,109,189
Medical & burial benefits paid	\$25,513,859	\$27,319,541	\$30,628,254
Uninsured employers assessments	\$18,000	\$24,000	\$21,000

* Figures shown on calendar year basis.

** In previous years, the number of Plan II employers represented the total number of employers ever enrolled under that plan. Beginning with Fiscal Year 1988, the number reported is the number of active policies at the end of each fiscal year.

SECTION III

FINANCIAL

The state's accounting system presently provides ten fund types of which the Division uses five. General Fund--provides funds to cover the costs of the Social Security offset benefit program. Special Revenue Fund--accounts for income generated chiefly from assessments levied against insurers and expended for Division operations. Federal Special Revenue Fund--accommodates funds received from federal sources. Agency Fund--used to account for securities deposited with the Division by insurers to guarantee benefit payments. Expendable Trust Fund--used to account for funds where the Division is designated as custodian or agent.

This statement provides the detailed expenditure activity and the funding sources for each of the Division's four programs for the period ended June 30, 1989.

PROGRAM COST STATEMENT (EXCLUDING STATE COMPENSATION TRUST FUND) FISCAL YEAR ENDED JUNE 30, 1989

COSTS	Adminis- tration <u>Program</u>	State Fund <u>Program</u>	Compliance <u>Program</u>	Safety <u>Program</u>	<u>Total</u>
Personal Services:					
Salaries	\$ 822,600	\$ 2,014,680	\$ 711,494	\$ 518,848	\$ 4,067,622
Employee Benefits	182,724	461,406	163,935	135,122	943,187
Sub-Total	\$ 1,005,324	\$ 2,476,086	\$ 875,429	\$ 653,970	\$ 5,010,809
Operating Expenses:					
Contracted Services	\$ 305,098	\$ 972,052	\$ 125,351	\$ 10,081	\$ 1,412,582
Supplies & Materials	27,044	62,690	11,867	23,859	125,460
Communications	48,754	252,646	80,605	20,386	402,391
Travel	10,826	28,256	12,049	76,292	127,423
Rent	15,335	25,653	1,337	2,877	45,202
Utilities	47,280	0	0	0	47,280
Repairs & Maintenance	83,382	41,109	9,684	13,294	147,469
Other Expenses	16,260	22,726	6,713	4,436	50,135
Department of Labor Charges	91,900	315,882	115,766	0	523,548
Sub-Total	\$ 645,879	\$ 1,721,014	\$ 363,372	\$ 151,225	\$ 2,881,490
Equipment	\$ 17,889	\$ 59,577	\$ 26,143	\$ 37,799	\$ 141,408
Intangible Assets	243	862	0	0	1,105
Sub-Total	\$ 18,132	\$ 60,439	\$ 26,143	\$ 37,799	\$ 142,513
Transfers	\$ 423,155	\$ 0	\$ 0	\$ 0	\$ 423,155
Benefits	\$ 0	\$ 0	\$ 543,302	\$ 0	\$ 543,302
TOTAL PROGRAM COSTS	\$ 2,092,490	\$ 4,257,539	\$ 1,808,246	\$ 842,994	\$ 9,001,269
SUMMARY OF FUNDING					
General Fund	\$ 0	\$ 0	\$ 48,902	\$ 0	\$ 48,902
State Special Revenue Fund	2,068,397	4,257,539	1,759,344	741,948	8,827,228
Federal Special Revenue Fund	24,093	0	0	101,046	125,139
TOTAL FUNDING	\$ 2,092,490	\$ 4,257,539	\$ 1,808,246	\$ 842,994	\$ 9,001,269

BALANCE SHEET--JUNE 30, 1989

(EXCLUDING STATE COMPENSATION TRUST FUND)

	General Fund	State Special Revenue Fund		
				Resource Indemnity Trust Fund Interest
	General Fund	Division Administration	Payroll Tax	
ASSETS				
Cash	\$	\$ 171,203	\$ 1,162,393	\$
Receivables		649,004	3,248,733	
Supplies Inventory		60,809		
Investments				
Property Held in Trust				
Expense Advances to Employees		17,334		
Other Prepayments	40,269	111,071		
Available to Pay Accrued Expenditures				
TOTAL ASSETS	<u>\$ 40,269</u>	<u>\$ 1,009,421</u>	<u>\$ 4,411,126</u>	<u>\$ 0</u>
LIABILITIES				
Accounts Payable	\$ 1,890	\$ 875,918	\$ 4,411,126	\$ 372
Accrued Support Expenditures		68,657		
Contingent Liabilities				
Allowance for Contingent Liabilities				
Deferred Revenue				
Unaccumulated Bond Discounts				
Unaccumulated Fed Secur Dists				
Bonds Held in Trust				
Due to Consolidated Entity	38,379			(372)
FUND BALANCE		64,846		
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 40,269</u>	<u>\$ 1,009,421</u>	<u>\$ 4,411,126</u>	<u>\$ 0</u>

(1) In order to determine operating fund balance, Allowance for Contingent Liabilities (reserves) must be deducted from this figure.

Federal Special Revenue Fund			Agency Fund	Expendable Trust Fund			
Mine Safety	OSHA Statistics	On-Site Consultation	Insurance Liquidation	Subsequent Injury	Uninsured Employers	Plan I Bonds	Insurance Company Liquidated Bonds
\$ 3,832	\$	\$ 26	\$	\$ 25,589	\$ 27,624	\$ 2,215	\$ 497
5	7,052	28,200		37,262	943,757	1,293	87
				2,686,024	1,063,100	42,800	393,000
			23,606,000				
				507		118	
<u>\$ 3,837</u>	<u>\$ 7,052</u>	<u>\$ 28,226</u>	<u>\$ 23,606,000</u>	<u>\$ 2,749,382</u>	<u>\$ 2,034,481</u>	<u>\$ 46,426</u>	<u>\$ 393,584</u>
\$ 2,316	\$ 7,052	\$ 28,226	\$	\$ 6,492	\$ 37,597	\$ 235	\$
110				(1,143,962)	(390,345)		
				1,143,962	390,345		
1,411				110,837			
				(253)			
			23,606,000				
				(1)	(1)		
				2,632,306	1,996,884	46,191	393,584
<u>\$ 3,837</u>	<u>\$ 7,052</u>	<u>\$ 28,226</u>	<u>\$ 23,606,000</u>	<u>\$ 2,749,382</u>	<u>\$ 2,034,481</u>	<u>\$ 46,426</u>	<u>\$ 393,584</u>

STATEMENT OF CHANGES IN FUND BALANCE

(EXCLUDING STATE COMPENSATION TRUST FUND)

FISCAL YEAR ENDED JUNE 30, 1989

	General Fund	State Special Revenue Fund		
	General Fund	Division Administration	Payroll Tax	Resource Indemnity Trust Fund Interest
FUND BALANCE, JULY 1, 1988	\$ 0	\$ 74,520	\$ 0	\$ 0
ADDITIONS				
Legislative Appropriations	\$ 64,583	\$	\$	\$ 545,846
Receipts:				
Licenses & Permits		34,203		
Taxes			12,991,267	
Charges for Services		923,637		
Fines & Forfeitures				
Federal Indirect Cost Recoveries		2,448		
Other Financing Sources		7,695,862		
Investment Earnings				
Federal Assistance				
Miscellaneous		563		
Grants, Contracts & Donations				
TOTAL ADDITIONS				
AND FUND BALANCE	\$ 64,583	\$ 8,731,233	\$ 12,991,267	\$ 545,846
DEDUCTIONS				
Support Expenditures	\$	\$ 8,249,090	\$	\$ 10,813
Transfers		423,155	12,991,267	
Benefits	48,902			494,400
Reversions*	15,681			40,633
Reduction in Inventories		11,573		
TOTAL DEDUCTIONS	\$ 64,583	\$ 8,683,818	\$ 12,991,267	\$ 545,846
PRIOR YEAR ADJUSTMENTS				
Revenue	\$	\$ (1,332)	\$	\$
Expenditures		18,763		
TOTAL ADJUSTMENTS	\$ 0	\$ 17,431	\$ 0	\$ 0
FUND BALANCE JUNE 30, 1989	\$ 0	\$ 64,846	\$ 0	\$ 0

*Expenses pertaining to the fiscal year that were not accrued at year end may be paid from the reversions.

Federal Special Revenue Fund				Expendable Trust Fund		
<u>Mine Safety</u>	<u>OSHA Statistics</u>	<u>On-Site Consultation</u>	<u>Subsequent Injury</u>	<u>Uninsured Employers</u>	<u>Plan I Bonds</u>	<u>Insurance Company Liquidated Bonds</u>
\$ 0	\$ 0	\$ 0	\$ 2,585,926	\$ 1,905,332	\$ 0	\$ 231,968
\$	\$	\$	\$	\$	\$	\$
				28,000		
				1,030,654	46,191	139,800
			277,974	93,434		21,816
38,829	24,094	62,167		9,271		
<u>\$ 38,829</u>	<u>\$ 24,094</u>	<u>\$ 62,167</u>	<u>\$ 2,863,900</u>	<u>\$ 3,066,691</u>	<u>\$ 46,191</u>	<u>\$ 393,584</u>
\$ 38,879	\$ 24,094	\$ 62,167	\$ 9,060	\$	\$	\$
				302,153		
			217,049	298,944		
<u>\$ 38,879</u>	<u>\$ 24,094</u>	<u>\$ 62,167</u>	<u>\$ 226,109</u>	<u>\$ 601,097</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$	\$	\$	\$	\$ (467,361)	\$	\$
50			(5,485)	(1,349)		
<u>\$ 50</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (5,485)</u>	<u>\$ (468,710)</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,632,306</u>	<u>\$ 1,996,884</u>	<u>\$ 46,191</u>	<u>\$ 393,584</u>

This statement identifies, by source of revenue, the receipts collected during the fiscal years ended June 30, 1988, and June 30, 1989. All funds, except the General Fund, receive revenue collected by the Division from outside sources. Disbursements cannot be made until the Division collects and deposits these receipts in the proper fund within the Treasury System.

COMPARATIVE STATEMENT OF SOURCES OF REVENUE
(EXCLUDING STATE COMPENSATION TRUST FUND)
FISCAL YEARS ENDED JUNE 30, 1988, AND JUNE 30, 1989

	<u>1988</u>		<u>1989</u>	
Licenses & Permits:				
Engineer Licenses	\$ 28,927		\$ 31,054	
Explosives Licenses	<u>3,427</u>	\$ 32,354	<u>3,149</u>	\$ 34,203
Taxes:				
Payroll Tax		10,952,370		12,991,267
Service Fees:				
Copies of Documents	\$ 38,480		\$ 34,162	
Plan I Assessments	533,853		264,972	
Plan II Assessments	978,131		778,067	
Jury Duty & Witness Fee	179		430	
Fatality Assessment	<u>34,000</u>		<u>28,000</u>	
Total Fees	\$ 1,584,643		\$ 1,105,631	
Less Transfers to:				
Workers' Compensation Judge	<u>(147,898)</u>	1,436,745	<u>(153,994)</u>	951,637
Investment Earnings:				
Corporate Bonds	\$ 251		\$ 225	
Industrial Bonds	90,347		38,746	
Railroad Equipment Trusts	19,400		27,376	
Public Utility Securities	48,360		38,688	
U.S. Treasury Bills			33,063	
Annual Modified Income	8,856		32,319	
Short Term Investment Pool	<u>93,698</u>	260,912	<u>222,807</u>	393,224
Fines:				
Civil Penalties	\$ 861,537		\$ 1,030,654	
Insurance Company Bond Proceeds	<u>0</u>	861,537	<u>185,991</u>	1,216,645
Federal Indirect Cost Recoveries		1,880		2,448
Miscellaneous:				
Penalties & Interest	\$ 7,279		\$ 9,834	
Subrogation	<u>1,425</u>	8,704	<u>0</u>	9,834
Other Financing Sources:				
State Compensation Insurance Fund	\$ 6,785,000		\$ 7,525,000	
Uninsured Employers Assessments	275,700		302,153	
Surplus Property Proceeds	<u>0</u>		<u>950</u>	
Total Other	\$ 7,060,700		\$ 7,828,103	
Less Transfers to:				
Workers' Compensation Judge	<u>(127,005)</u>	6,933,695	<u>(132,241)</u>	7,695,862
Federal Assistance:				
Federal Department of Labor:				
On-Site Consultation	\$ 49,021		\$ 62,167	
Survey Program	27,357		24,094	
Mining Education	<u>41,576</u>	117,954	<u>38,829</u>	125,090
Increase in Inventories		22,159		
TOTAL REVENUE		<u>\$ 20,628,310</u>		<u>\$ 23,420,210</u>

SECTION IV

STATE COMPENSATION INSURANCE FUND

The following financial statements reflect the status of the State Fund as of June 30, 1989, and the operating results for fiscal year 1989. The negative fund balance increased to \$217,000,000 as of June 30th, based on the actuary's estimate of liabilities. The State Fund continues its plan adopted in 1987 to amortize the negative fund balance over a ten year period.

For the second year in a row, the State Fund's earned premium exceeded the incurred claims and expenses for the fiscal year. Although not conclusive, this trend reflects a positive sign regarding the financial condition of the Fund. As in the past, the Division employed an independent actuary to review the financial and actuarial soundness of the Fund. The actuary's letter report may be found within this section.

STATE COMPENSATION INSURANCE FUND

BALANCE SHEET

JUNE 30, 1989

ASSETS

Cash in Treasury		\$	288,675	
Premium Receivable			25,833,190	
Interest Receivable			649,224	
Notes Receivable			318,398	
Adjusted Accounts Receivable			5,083,955	
Property Held in Trust			7,775,415	
Investments:				
Mortgages	\$	131,476		
Federal Securities		4,999,262		
Corporate Bonds		12,352,733		
Securities on Loan		1,900,000		
Short Term Investment Pool		4,204,600	\$	23,588,071
Plus: Unamortized Premiums			9,650	
Less: Unaccumulated Bond Discounts	\$	(1,041,858)		
Unaccumulated Federal Security Distribution		(71,237)		(1,113,095)
				<u>22,484,626</u>
Net Investments				\$ <u>62,433,483</u>
TOTAL ASSETS				

LIABILITIES, RESERVES AND FUND BALANCE

LIABILITIES

Adjusted Accounts Payable	\$	464,756	
Advance Deposits		<u>15,023,158</u>	\$ 15,487,914

CLAIMS RESERVES

Compensation Benefits	\$	199,470,865	
Medical Benefits		63,813,638	
Medical Only Benefits		<u>1,311,000</u>	264,595,503

FUND BALANCE

Unrestricted			<u>(217,649,934)</u>
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TOTAL LIABILITIES, RESERVES AND FUND BALANCE	\$	<u>62,433,483</u>	
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STATE COMPENSATION INSURANCE FUND

STATEMENT OF OPERATIONS AND CHANGES IN RESERVES

FOR FISCAL YEAR ENDED JUNE 30, 1989

		<u>INCOME</u>	
Earned Premium		\$	88,448,120
Interest Earnings on Investments			2,811,894
Payroll Tax			12,991,267
Other Income			33,186
Total Current Year's Income		\$	<u>104,284,467</u>
Prior Year's Adjustments, Net			<u>196,480</u>
Total Income		\$	104,480,947
		<u>EXPENSES</u>	
Claims Expenses:			
Compensation Benefits	\$	67,109,189	
Medical Benefits		<u>30,628,254</u>	
Total Claims Expenses	\$	<u>97,737,443</u>	
Other Expenses:			
Administrative Assessment	\$	7,525,000	
Rehabilitation Assessment		627,872	
Structured Settlements-Interest		10,888	
Miscellaneous Expenses		<u>729,482</u>	
Total Other Expenses	\$	<u>8,893,242</u>	
Total Expenses			<u>106,630,685</u>
RESULTS OF OPERATIONS BEFORE CHANGES IN RESERVES		\$	(2,149,738)
Less: Changes in Reserves:			
Compensation Benefits	\$	41,440,502	
Medical Benefits		18,354,605	
Medical Only Benefits		<u>(1,627,550)</u>	<u>(58,167,557)</u>
RESULTS OF OPERATIONS AFTER CHANGES IN RESERVES		\$	(60,317,295)
Prior Year Negative Surplus			<u>(157,332,639)</u>
NEGATIVE SURPLUS		\$	<u>(217,649,934)</u>



C&B CONSULTING GROUP

October 11, 1989

Workers' Compensation Division
Department of Labor and Industry
State of Montana
P.O. Box 4759
Helena, Montana 59604-4759

Ladies and Gentlemen:

We have examined the methods and procedures utilized by the Workers' Compensation Division of the Department of Labor and Industry of the State of Montana in the determination of its liabilities for compensation, hospital, medical and other benefits as of the close of its fiscal year ended June 30, 1989, under Compensation Plan Number Three, as set forth in the Workers' Compensation Act. Our examination included a determination of the appropriateness of the underlying methods and procedures, such review of the basic records as we considered necessary in the circumstances and an analysis of the results so obtained.

The resulting liabilities for benefits to be paid, so determined, may be summarized as follows:

Compensation benefits	\$ 199,470,865
Medical benefits	63,813,638
Medical only benefits	<u>1,311,000</u>
Total	\$ 264,595,503

In our opinion, the above claim liabilities are based upon the benefits provided under the Workers' Compensation Act of the State of Montana. Further, in our opinion, on the basis of the information and procedures referred to above, and upon our assumption that the procedures of the Division are adequate to properly establish and maintain records required for this purpose, such liabilities in the aggregate are reasonable and appropriate as of that date. Because a negative unrestricted fund balance exists as of June 30, 1989, future premiums will need to be drawn upon to satisfy the existing liabilities of the Fund. The continuing financial soundness of the Fund is therefore conditioned upon these future premiums being realized.

By following this procedure each year and by reviewing and adjusting the rates each year to reflect changing benefits and experience, in our opinion, the Fund can continue to be maintained on a sound actuarial and financial basis.

Sincerely yours,

Drew A. James, F.S.A., M.A.A.A.
Vice President and
Senior Consulting Actuary

DAJ/kf

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Actuarial, Benefits & Compensation Consulting
A CORROON & BLACK COMPANY

SECTION V

Uninsured Employers' Fund

The following tables reflect the statistical and financial activity of the Uninsured Employers' Fund. By statute, the Fund is responsible for investigating uninsured employers, assessing penalties, and paying claims. The Fund uses several sources to identify uninsured employers including accident reports, complaints, cancelled firms, and payroll tax reports.

STATISTICAL ACTIVITY

	FY 1988	FY 1989
Number of Compensation Claims Paid	76	33
Number of Investigations Made	2,426	3,572
Number of Audits Performed	157	249
Number of Employers Fined	444	698
Number of Accounts Referred for Collection	106	298
Amount of Billed Fines & Assessments Collected	\$266,536	\$215,463

FINANCIAL ACTIVITY

	FY 1988		FY 1989	
	Amount	Percent	Amount	Percent
Revenue Sources:				
Fines & Penalties Billed	\$ 861,537	91.8%	\$ 1,030,654	88.8%
Fatality Assessments	34,000	3.6%	28,000	2.4%
Penalties & Interest	5,555	0.6%	9,271	0.8%
Interest Earnings	37,144	4.0%	93,434	8.0%
 TOTAL REVENUE	 \$ <u>938,236</u>	 <u>100.0%</u>	 \$ <u>1,161,359</u>	 <u>100.0%</u>
Program Costs:				
Benefits	\$ 63,546	18.7%	\$ 298,944	49.7%
Administrative Expense	275,700	81.3%	302,153	50.3%
 TOTAL COSTS	 \$ <u>339,246</u>	 <u>100.0%</u>	 \$ <u>601,097</u>	 <u>100.0%</u>

SECTION VI

STATISTICAL REPORTS

Work Injuries

The Division collects a variety of statistics concerning the nature and scope of industrial injuries. The staff codes the accident data from reports submitted by employers and employees using the standardized system adopted by the Bureau of Labor Statistics.

The following tables and charts present this data for the injuries reported for fiscal year 1989 and provide comparisons to other fiscal years. The data show the number of reported injuries, the cause of the injury, major industry, and several other statistical categories. The information could be useful to employers for comparison with their own accident experience.

NATURE OF INJURY

The nature of injury identifies the injury in terms of its principal characteristics.

<u>Description</u>	<u>Number</u>	<u>Percent</u>
Burns	1,104	3.7
Open wounds	8,017	27.0
Sprains & strains	12,654	42.6
Fractures	1,401	4.7
Diseases & toxic effects	829	2.8
Bruises & crushing injuries	4,006	13.5
Multiple	211	0.7
Other	693	2.3
Not classified	<u>784</u>	<u>2.7</u>
TOTAL	29,699	100.0%

PART OF BODY AFFECTED

The part of body identifies the part of the injured person's body directly affected by the injury.

<u>Description</u>	<u>Number</u>	<u>Percent</u>
Head, face and neck	2,055	6.9
Eyes	2,406	8.1
Body systems	421	1.4
Trunk	1,731	5.9
Back and spine	6,231	21.0
Arms and wrists	2,710	9.1
Hands and fingers	6,106	20.6
Upper extremities	1,282	4.3
Legs and ankles	3,361	11.3
Feet and toes	1,252	4.2
Lower extremities	151	0.5
Body multiple	1,689	5.7
Not classified	<u>304</u>	<u>1.0</u>
TOTAL	29,699	100.0 %

ACCIDENT TYPE

The accident type identifies the event which directly resulted in the injury.

<u>Description</u>	<u>Number</u>	<u>Percent</u>
Struck by object	8,490	28.6
Caught in, on, or between	1,278	4.3
Slips and falls	4,360	14.7
Motor vehicle	438	1.5
Strain or over exertion	8,982	30.2
Temperature extremes	683	2.3
Electrical current	49	0.2
Inhalation	1,067	3.6
Rubbed or abraded	3,619	12.2
Explosions	8	0.0
Not classified	<u>725</u>	<u>2.4</u>
TOTAL	29,699	100.0 %

INDUSTRY GROUP

These are the standard industrial classifications and provide an overview of experience by industry.

<u>Description</u>	<u>Number</u>	<u>Percent</u>	<u>Employment (thousands)*</u>
Agriculture	1,708	5.8	31.4**
Mining	1,041	3.5	6.3
Construction	2,937	9.9	9.0
Manufacturing	4,752	16.0	21.4
Transportation and public utilities	2,002	6.7	16.4
Wholesale trade	1,611	5.4	14.8
Retail trade	5,448	18.3	59.5
Finance, insurance, real estate	323	1.1	13.1
Services	8,518	28.7	64.8
Government: State, Local & Federal	1,359	4.6	62.2
Not classified	0	0.0	0.2
TOTAL	29,699	100.0 %	

* Montana Employment & Wages, First Quarter 1989

** U.S. Bureau of Economic Analysis, US Department of Commerce

SOURCE OF INJURY

The source of injury identifies the object, substance, exposure, or bodily motions which directly produced or inflicted the injury.

<u>Description</u>	<u>Number</u>	<u>Percent</u>
Animals	534	1.8
Atmosphere	49	0.2
Body motion	2,216	7.5
Boilers	131	0.4
Boxes and barrels	2,643	8.9
Buildings	953	3.2
Chemicals	750	2.5
Conveyors	55	0.2
Dirt masses	682	2.3
Electrical apparatus	297	1.0
Flame and smoke	242	0.8
Food	283	1.0
Furniture	1,292	4.4
Glass	345	1.2
Hand tools	2,977	10.0
Hoisting apparatus	188	0.6
Ladders	96	0.3
Machines	1,509	5.1
Mechanical transmission	7	0.0
Metal items	2,533	8.5
Particles	1,240	4.2
Textile	122	0.4
Trees	1,843	6.2
Vehicles	1,388	4.7
Working surfaces	4,037	13.6
Miscellaneous	2,531	8.5
Not classified	756	2.5
TOTAL	29,699	100.0 %

AGE AND SEX OF INJURED PERSONS

This table compares the work injuries for fiscal year 1989 by age group and sex. The median age of injured male workers was in the 30-34 year age group, while the median age of injured female workers was in the 35-39 year age group.

<u>Age Group</u>	<u>Male</u>	<u>Female</u>	<u>Both</u>
Below 15	24	11	35
15-19	1,109	606	1,715
20-24	2,669	1,160	3,829
25-29	3,658	1,401	5,059
30-34	3,570	1,417	4,987
35-39	2,843	1,221	4,064
40-44	2,012	1,026	3,038
45-49	1,392	779	2,171
50-54	1,003	580	1,583
55-59	820	447	1,267
60-64	481	248	729
65-69	113	53	166
70-74	27	25	52
Over 75	17	12	29
Not Classified by Age	675	256	931
Sex Unknown			44
TOTAL	20,413	9,249	29,699

ACCIDENT TRENDS

The number of accidents reported compared to the civilian labor force increased slightly in 1988. During the ten years between 1979 and 1988, the percentage peaked at 9.3% in 1979 and reached an all-time low of 6.2% in 1987.

<u>Calendar Year</u>	<u>Civilian Percent Labor Force In Montana</u>	<u>Having Accidents</u>
1979	371,000	9.3 %
1980	371,000	9.2 %
1981	385,000	8.6 %
1982	394,000	7.8 %
1983	395,000	7.7 %
1984	404,000	7.7 %
1985	405,000	7.4 %
1986	407,000	6.6 %
1987	403,000	6.2 %
1988	401,000	7.1 %

Lost time injuries as a percent of reported accidents decreased from 28.1% in 1988, to 27.2% in 1989. During prior reporting periods, the percentage hit a high of 30.6% in 1984 and a low of 26.8% in 1987. The 1989 figures show a 3.8% increase in the number of accidents reported and a 0.6% increase in lost time injuries from the prior year.

<u>Fiscal Year Ending</u>	<u>Reported Accidents</u>	<u>Lost Time Injuries</u>	<u>Percentage Total</u>
1979	34,295	10,185	29.7 %
1980	34,736	10,306	29.7 %
1981	33,888	10,127	29.9 %
1982	31,953	8,903	27.9 %
1983	29,717	8,709	29.3 %
1984	31,343	9,597	30.6 %
1985	31,243	9,533	30.5 %
1986	28,579	9,013	31.5 %
1987	25,060	6,721	26.8 %
1988	28,613	8,026	28.1 %
1989	29,699	8,077	27.2 %

INJURY AFFECT ON WORK ATTENDANCE

The table presented here attempts to display how industrial injuries are affected by a worker's ability to return to the next scheduled work shift following an accident. Cases where there was a medical cost involved but the worker made the next scheduled work shift are categorized as "no lost time injuries." If a determination could not be made as to medical cost or lost time, the injury was reported in the "unknown" category.

<u>Fiscal Year</u> <u>Ending</u>	<u>Total</u> <u>Injuries</u>	<u>Lost Time</u> <u>Injuries</u>	<u>No Lost</u> <u>Time</u> <u>Injuries</u>	<u>Fatalities</u>	<u>Unknown</u>
1979	34,295	10,185	19,939	38	4,133
1980	34,736	10,306	20,555	37	3,838
1981	33,888	10,127	20,608	45	3,108
1982	31,953	8,903	19,352	44	3,654
1983	29,717	8,709	16,153	45	4,810
1984	31,343	9,597	11,196	48	10,502
1985	31,243	9,533	9,908	40	11,762
1986	28,579	9,013	12,448	20	7,098
1987	25,060	6,721	10,726	36	7,577
1988	28,613	8,026	18,478	25	2,084
1989	29,699	8,077	19,313	35	2,309

FATALITIES BY FISCAL YEAR

<u>YEAR</u>	<u>NUMBER</u>
1980	37
1981	45
1982	44
1983	45
1984	48
1985	40
1986	20
1987	36
1988	25
1989	35

FATALITIES

The table presented here provides information on industrial-related fatalities by type of insurer during the 1989 fiscal period.

INDUSTRY	PLAN I	PLAN II	PLAN III	TOTAL
AGRICULTURE				
Inhalation of smoke			1	1
Heart attack			1	1
MINING				
Vehicle accident			1	1
TRADE				
Vehicle accident		1		1
Heart attack			1	1
CONSTRUCTION				
Vehicle accident			3	3
Heart attack	2			2
Train accident			2	2
Ditch cave in			1	1
Electrocution			1	1
Asbestos poisoning			1	1
Struck by car			1	1
MANUFACTURING				
Heart attack		1	1	2
Electrocution			1	1
Struck by tree			1	1
Vehicle accident		1	1	2
Explosion	2			2
Struck by metal			1	1
TRANSPORTATION				
Aircraft accident		2		2
Vehicle accident			2	2
Heart attack	1			1
Heart disease		1		1
PUBLIC ADMINISTRATION				
Gun shot	1			1
SERVICES				
Gun shot			1	1
Heart attack			1	1
Asbestosis		1		1
TOTAL	6	7	22	35

INJURY AND ILLNESS INCIDENCE RATES

Industry	Total Cases		Lost				No Lost	
			Workday Cases		Workdays		Workday Cases	
	1987	1988	1987	1988	1987	1988	1987	1988
All Industries*	9.0	9.3	3.6	3.6	80.2	74.6	5.4	5.6
Agriculture, Forestry and Fishing**	13.2	14.3	4.6	5.6	60.1	110.2	8.6	8.7
Mining	7.9	10.2	4.3	5.7	119.4	126.5	3.5	4.5
Construction	14.8	20.3	5.0	7.2	100.3	112.6	9.8	13.1
Manufacturing	20.2	21.0	9.4	8.5	217.1	172.5	10.8	12.5
Transportation, Communication and Public Utilities	7.6	8.9	4.0	4.0	87.1	77.1	3.6	4.9
Wholesale and Retail Trade	7.6	7.4	2.6	2.7	49.0	44.3	5.0	4.8
Wholesale Trade	8.7	8.9	3.9	3.7	75.7	64.8	4.8	5.1
Retail Trade	7.2	6.9	2.2	2.3	40.3	37.3	5.1	4.6
Finance, Insurance, and Real Estate	1.1	0.9	0.2	0.4	7.2	12.1	0.9	0.7
Services	7.8	6.9	2.9	2.5	68.7	69.8	4.9	4.4

* Private sector

** Does not include agriculture with ten or fewer employees

Incidence rates were calculated as follows: $N/EH \times 200,000$ where

N = number of illnesses and injuries or lost workdays

EH = total hours worked by all employees during the calendar year

200,000 = base for 100 full-time equivalent workers (50 weeks x 40 hours)

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